

### **REMARKS**

This Amendment is made in response to the Office Action dated June 13, 2005. A Request for an Extension of Time is submitted herewith to permit the filing of this Amendment in the third month. Applicants appreciate the courtesies that were extended to the undersigned in a first interview of September 7, 2005 with Examiner Lastra and in second interview of November 16, 2005 with Examiner Lastra and SPE Raquel Alvarez. In the following, the undersigned will respond to each rejection and objection by paragraph number as appears in the outstanding Office Action.

With regard to paragraphs 2 and 5, Applicants appreciate the withdrawal of the rejection under 35 U.S.C. § 101 of claims 1-4 and 13-14 as being non-statutory subject matter, as indicated at first interview with Examiner Daniel Lastra on September 7, 2005.

With regard to paragraph 3, Applicants have amended each of claims 5-12 and 15-20 as being withdrawn. The undersigned apologizes for any inconvenience for the Examiner in view of this oversight.

With respect to paragraph 4, the undersigned and the Examiner discussed at the noted interview whether complete Information Disclosure Statements were filed on July 28, 2004 and November 17, 2004. The Examiner indicated that there were no forms PTO-1449 to be found in the Office's file of this application. The undersigned confirmed that such PTO-1449 forms were, in fact, submitted to the Patent Office. To reconcile this matter, the Examiner suggested that copies of the PTO-1449 forms that Applicant has retained in his file be forwarded to the Examiner, whereby the Office's record will be made complete and this objection overcome.

With respect to paragraph 6, Applicants respectfully traverse and request reconsideration of the rejection of claims 1-4 and 13-14 as being definite under 35 U.S.C. § 112, second

paragraph. In particular, the Examiner has objected to the terms “permitting” and “facilitating”.

In response, Applicant by this Amendment has amended claims 1-4 and 13-14 to avoid the use of “permitting” and “facilitating”, whereby the terms objected to by the Examiner have been removed.

With regard to paragraph 7, Applicants respectfully traverse and request reconsideration of the rejection of claims 1-4 and 13-14 as being anticipated under 35 U.S.C. § 102(e) in view of U.S. Patent No. 6,594,640 of Postrel (herein “the Postrel Patent”).

In particular, Applicants respectfully traverse and request reconsideration of the Examiner’s assertion that the Postrel Patent teaches as recited in **paragraphs (b) and (c) of Claim 1** that “(b) permitting the first and second point issuers to set the point withdrawal and deposit rates of their first and second points respectively (see column 4, lines 3-45; column 3, lines 35-45; column 5, lines 35-40; column 6, lines 37-47”; and “(c) determining an equivalent number of the second points based upon the point withdrawal and deposit rates of the first and second point issuers respectively, and the first number of the first points (see column 4, lines 3-45; column 3, lines 35-45; column 5, lines 35-40; column 6, lines 37-47; column 7, lines 35-40; column 7, lines 63-67.” By contrast to the Examiner’s above cited statement, the Postrel Patent is silent as to permitting its point issuers to set withdrawal and deposit exchange rates, much less to use such withdrawal rates and deposit rates to calculate an equivalent number of second points. Further, the undersigned has studied the above cited portions of the Postrel specification that were relied upon by the Examiner for his alleged disclosure of paragraphs (b) and (c) of Claim 1 without finding any indication or teaching of the use of point withdrawal and deposit rates. If the Examiner should persist that the Postrel Patent discloses point withdrawal and deposit rates as recited in paragraph (b) of claim 1, or the uses of such rates to determine the

equivalent number of second points, applicant respectfully requests the Examiner to identify the specific language within the Postrel Patent upon which he relies.

Further, Applicants respectfully traverse and request reconsideration of the Examiner's statement that paragraph (d) of Claim 1 is taught by Postrel and, in particular, that the "exchanging the first number of first points for a second equivalent number of second points (see column 4, lines 3-45, column 3, lines 35-45; column 5, lines 35-40; column 6, lines 37-47; column 10-12; column 15-20)." The undersigned has carefully considered the above portions of the Postrel Patent as applied by the Examiner to paragraph (d) of claim 1 without finding any teaching of the recited exchange of first points for second points. In contrast to the teachings of the Postrel Patent, Applicants teach the exchange or transmission of award points from one of its issuer terminals 130a, b and c to another of these terminals 130a, b and c. However, the specification of the Postrel Patent is clear that in contrast to the Examiner's interpretation of the Postrel Patent, Postrel teaches that reward points are issued from each of the servers 10, 12 and 14 are transmitted via the network 2 to be stored in a reward exchange account, appreciating that a plurality of such reward exchange accounts for the various members are stored in corresponding ones of the files within the second database 54. It is clear that the Postrel Patent does not disclose transmitting reward points from one of the servers 10, 12 and 14 to another of the servers or issuers 10, 12 or 14. See column 6, lines 1 to 53 of the Postrel Patent.

For reasons similar to those stated above with respect to Claim 1, Applicants respectfully traverse and request reconsideration of the Examiner's statement that the Postrel Patent teaches that the first and second point issuers set respectively the point withdrawal and deposit rates as recited in applicant's claim 3. Further, Applicant respectfully traverses and requests

reconsideration of the Examiner's assertion that the Postrel Patent teaches the determining an equivalent number of the second points based upon the point withdrawal and deposit rates of the first and second point issuers as recited in step (iii) of paragraph (c) of Claim 3.

Further, Applicants respectfully assert that the Postrel Patent discloses none of the following recitations of **Claim 13** of the Postrel Patent: the preamble, paragraph (a), paragraph (c) and paragraph (d). In particular, Applicant respectfully traverses and requests reconsideration of the Examiner's assertion that Postrel teaches the following recitations that correspond to: 1) the preamble of Applicant's claim 13, "A method of exchanging first points that are issued by a first point issuer for second, different points that are issued by a second point issuer at exchange rates set by the first and second point issuers respectively;" and 2) paragraph (a) entering the "first and second exchange rates by the first and second point issuers respectively (see column 3, line 35 – column 4, line 45; column 6, lines 35-67; column 10, lines 15-20." By contrast, the Postrel Patent discloses in its Figure 4 a plurality of reward servers 10, 12 and 14, each of which serves as an issuer of points. Even so, the Postrel Patent fails to disclose that each of the servers or issuers 10, 12 and 14 is able to issue different points with different exchange rates as set by each of the issuers 10, 12 and 14. The undersigned has carefully considered those portions of the Postrel Patent set out above, upon which the Examiner has relied on for his characterization of the preamble and paragraph (a) of Claim 13. The most relevant portion of the Postrel Patent as identified by the Examiner is found at column 10, lines 18-20, which reads: "(t)he system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value." This single cited sentence does not teach whether the referred to values are being used as exchange rates, much less that these points are being set by the respective issuers from which the points are issued.

Further with regard to paragraph (b) of Claim 13, Applicants respectfully traverse and request consideration of the Examiner's assertion that the Postrel Patent teaches the entering "of a customer's order for exchanging first points for second points (see column 3, line 35 – column 4, line 45; column 6, lines 35-67; column 10, lines 15-20)." The undersigned has carefully studied each of these portions of the Postrel Patent that were identified by the Examiner as being relevant to paragraph (b) of Claim 13, without finding any teaching of exchanging first points for second points, much less than facilitating the entry of first and second exchange rates to make such a transaction. In this regard, the Examiners' attention is drawn to Figure 4, where the Postrel Patent discloses that each of the reward servers or issuers 10, 12 and 14 transmits over a network 2 its corresponding points to be inputted into one of the reward exchange accounts making up the second data base 54. Applicant respectfully asserts that though there are a variety of points issued from the corresponding servers or issuers 10, 12 and 14 that are disposed in a reward exchange account, there is no teaching in the Postrel Patent that the points inputted into a reward exchange accounts are exchanged for each other. The processing and transferring of points from each of the server issuers 10, 12 and 14 to the trading server 20 and eventually to the corresponding reward exchange account (as stored in the database 54) of the member are best disclosed in column 6 and Figure 4 of the Postrel Patent. Study of this portion of the Postrel Patent clearly fails to identify any teaching of Applicant's recited "exchanging first points for second points".

Further as recited with respect to paragraphs (c) and (d) of Claim 13, Applicant respectfully traverses and requests reconsideration of the Examiner's statement that the Postrel Patent teaches, "(c) determining the presence or absence of each of the first and second exchange rates (see column 4, lines 1-45); and (d) blocking the exchange of points in the absence of either

of the first or second exchange rates (see column 4, lines 1-45).” The undersigned respectfully and emphatically states that the relied upon portion of column 4, lines 1-45 contains no teaching of determining the presence or absence of the exchange rates, much less the blocking of the exchange of points in the absence of entry of either of the first or second exchange rates. If the Examiner persists in this interpretation of the Postrel Patent, he is respectfully requested to identify the specific language upon which he relies to reject recitations (c) and (d) of Claim 13 of the Postrel Patent.

Appreciating that independent claim 14 is similar to claim 13, Applicants respectfully traverse and request reconsideration of the rejection of claim 14 for the various reasons stated above with respect to claim 13. In particular, applicant respectfully traverses and requests reconsideration of the Examiner’s statement that the Postrel Patent teaches the subject matter of the following recitations of Claim 14: the preamble; paragraph (a), step (iii); and paragraph (b), step (ii).

At the second interview, SPE Alvarez indicated that the cited Postrel Patent disclosed and claimed that each loyalty point issuer could select its own deposit rate and withdrawal rate, whereby each issuer could control the prices at which points could be sold and purchased. In the following, the parts of the Postrel Patent that SPE Alvarez deemed to be pertinent to the Applicants’ rates are reproduced and commented on by the undersigned:

a) Col. 3, lines 33-35: “An exchange rate will be established for the relative consideration received by the companies involved in the transaction.”

The above quoted part merely mentions “exchange rate.” Even so the quoted portion does not disclose the problem that Applicants’ invention solves, namely enabling each point issuer to control the price at which its points are sold and/or purchased, much less the use of the

withdrawal rate and deposit rate that enable the issuers to control the prices at which they sell and buy their points.

b) Col. 7, lines 62 – 66: "If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption."

Though this part describes that a program or issuer may support different kinds of points or miles and may redeem its miles differently, it fails to disclose Applicants' use of withdrawal and deposit rates to enable an issuer to control the price of its points.

c) Col. 7, lines 49-54: "For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet the purchase price."

This part describes a system that permits a user to rank each of a set of programs, issuers or reward systems to determine the order in which points will be redeemed from the programs to purchase a selected reward. This part is silent as to enabling each user to control the purchase and selling prices of its points.

d) Col. 11, line 61 to Col. 12, line 7; "The interface would allow a user to login using the frequent flyer account information or preferably, the trading server account login id and password, where the user may use points awarded from another air carrier or point server to 'pay' for the services accessed. The account balance from the trading server may be transferred to the local controller prior to take off for each user that logs in to the trading server. Once the plane has departed, depending on the linking or access capability afforded by the air carrier or service provider, the user's account may be modified in real time or upon reconnection following landing, based on services selected by the traveler. If a real time link is supported, the user's exchange account may be periodically debited according to the services selected and duration of use."

This part relates to a system that permits in flight services to be paid for by redeeming loyalty points from the user's issuer even when the issuer is another airway. Provision is made

to transfer the user's account to an onboard local controller prior to take off. After takeoff, the user's account may be debited in flight if there is a suitable link or, after landing, by reconnection. This part is not at all relevant to Applicants' use of their withdrawal and deposit exchange rates.

e) Col. 8, lines 13-26, Figure 9, step 906: "The trading server has the ability to receive offers from reward servers or merchants (step 806 and 808) which may be directed to users based on the database profile information provide by the user (Fig. 9). At step 900, the reward server contacts the trading server with an offer to redeem points. Similarly, a merchant may contact the trading server with an offer to be distributed to members (step 902). The trading server records the offer in a database (step 906), and the trading server may record a limited conversion rate in its database (step 906). The reward server may then contact the user with an offer at step 908. Optionally, the process may branch to the flow diagram in Fig. 6 discussed above (step 910).

Figure 9 and the above quote describe generally a process by which a user redeems its points. Step 906, as identified by SPE Alvarez, records a redeeming order for redemption before the trading server stores a "limited conversion rate" it in database. Postrel is silent as to how to use that stored conversion rate to redeem points, much less as to how to transfer points from one user to another in a manner that enables the user to control the price at which the points are withdrawn and subsequently deposited, as taught by Applicants.

In summary, Applicants respectfully state that the Postrel Patent does not teach their claimed invention, much less the entry by the program reward points and storage in that terminal data base of exchange rates for the points of the selected one royalty program, detect the absence of exchange rates for the selected one point program to transmit a blocking signal, and to respond to the blocking signal to prevent the transmission of the command.

If the Examiner is unable to allow this application, he is requested to place a call to the undersigned to suggest those Amendments whereby this application may be passed to issuance.

Respectfully submitted,

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